

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'A', NEW DELHI**

**Before Sh. Amit Shukla, Judicial Member**

**Dr. B. R. R. Kumar, Accountant Member**

**ITA No. 3300/Del/2017: Asstt. Year: 2013-14**

Income Tax Officer, Ward-3(1), New Delhi-110001	Vs	M/s April Cottage Farms Pvt. Ltd., 283, Sonalika House, AGCR Enclave, Laxmi Nagar, Delhi-110092
<b>(APPELLANTT)</b>		<b>(RESPONDENT)</b>
<b>PAN No. AAKCA3443Q</b>		

**Assessee by : Sh. K. Sampath, Adv. &  
Sh. V. Raj Kumar, Adv.  
Revenue by : Ms. Alka Gautam, Sr. DR**

**Date of Hearing: 28.06.2021**

**Date of Pronouncement: 07.07.2021**

**ORDER**

**Per Dr. B. R. R. Kumar, Accountant Member:**

The present appeal has been filed by the revenue against the order of Id. CIT (A)-I, New Delhi dated 22.03.2017.

2. Following grounds have been raised by the revenue:

*"1. The Id. CIT (A) erred in deleting addition of Rs.4,08,06,000/- made u/s 68 of the Income Tax Act, 1961 being non-genuine/unexplained share capital/share premium."*

3. The assessee company was incorporated on 05.03.2012 and received share premium of Rs.90 per share from related persons totaling to an amount of Rs.4,08,60,000/-. The notices u/s 133(6) issued by the Assessing Officer have been responded to by the share applicants.

4. The Assessing Officer held that the assessee company failed to submit valuation report under Rule 11UA and did not justify the share premium received in view of the provisions of Section 56(2) r.w.s. 2(14) of the Income Tax Act, 1961. The AO determined the book value as  $(A-L) \times PV \div PE$  as per the formula under Rule 11UA on NAV basis. The AO further held that the amendment to Rule 11UA is applicable from the date of notification i.e. 29.11.2012, hence the assessee cannot have the benefit of valuation based on Discounted Cash Flow (DCF) method.

5. The Id. CIT (A) deleted the addition on the grounds that once Rule 11UA has been notified by the CBDT, the rule would be applicable for the entire assessment year and not for the transactions done after 29.11.2012.

6. Before us, it was submitted that the amounts have been received as loans initially which were subsequently converted into share capital vide Board resolution dated 06.03.2013. The amounts have utilized for purchase of land and if the cost of the land is taken into consideration, the share premium would stands substantiated. It was argued that even otherwise as on 06.03.2013, the date on which the share capital has been received in the books of the company, the valuation under Rule 11UA as per the DCF method is acceptable valuation method for the purpose of clause (viib) of Section 56(2). The valuation report submitted to the Id. CIT (A) as additional evidence has been accepted by the revenue and no inconsistencies in the valuation report has been brought out by the revenue.

7. Since, the source of the amounts received has not been the issue before us, since the valuation report as per the DCF method is an acceptable method prescribed under Rule 11UA in relation to Section 56(2)(viib) and since the valuation report has been found to be in order by the revenue authorities, we hereby decline to interfere with the order of the Id. CIT (A).

8. In the result, the appeal of the revenue is dismissed.  
Order Pronounced in the Open Court on 07/07/2021.

Sd/-

**(Amit Shukla)**  
**Judicial Member**

**Dated: 07/07/2021**

\*Subodh\*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

**(Dr. B. R. R. Kumar)**  
**Accountant Member**

**ASSISTANT REGISTRAR**